

June 2014

Quarterly Report

HIGHLIGHTS

- Farm-in to EP437, Perth Basin announced
- Dunnart-2 well spudded in EP437 in July
- 2D seismic acquisition program commenced in Fitzroy Blocks, Canning Basin
- Strategic alliance with China National Fuel Corporation announced
- \$3 million capital raising underway

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Rey Resources Limited (ASX: REY) ("Rey" or "the Company") is focused on developing its oil, gas and coal interests in the Canning and Perth Basins, Western Australia.

1. Oil and Gas

1.1 Fitzroy Blocks (EP457 and EP458)

The Fitzroy Blocks are located in the highly prospective Canning Superbasin in the northwest of Western Australia (refer Figure 1 below). Ownership of the Fitzroy Blocks is: Rey (25% including 10% free carried to production); Buru Energy Limited (Buru) (37.5% and operator); and Diamond Resources (Fitzroy) Ltd (37.5%).

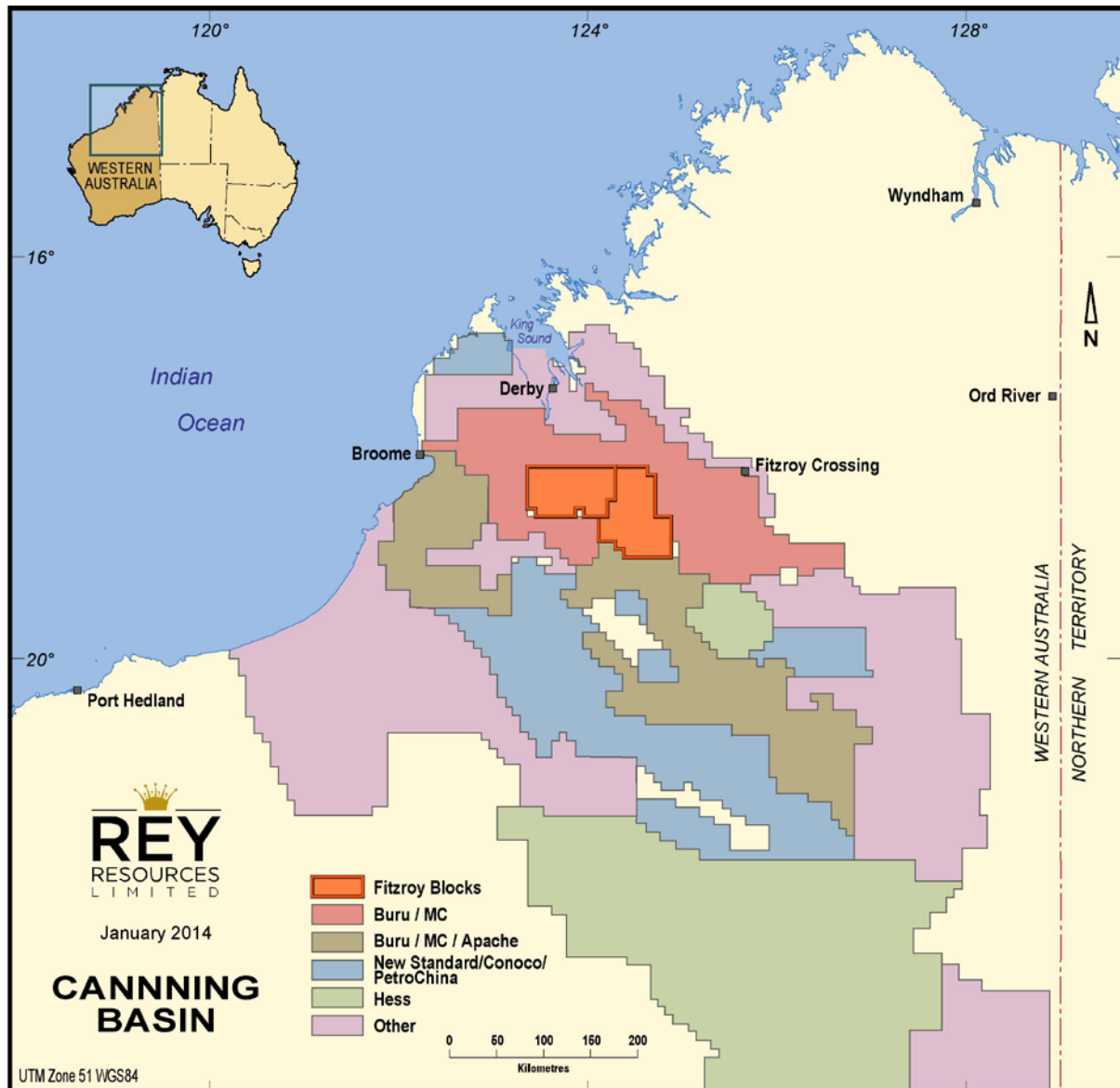


Figure 1: Location of EP457 and EP458 (the Fitzroy Blocks) and other ownership of petroleum licences in the Canning Basin.

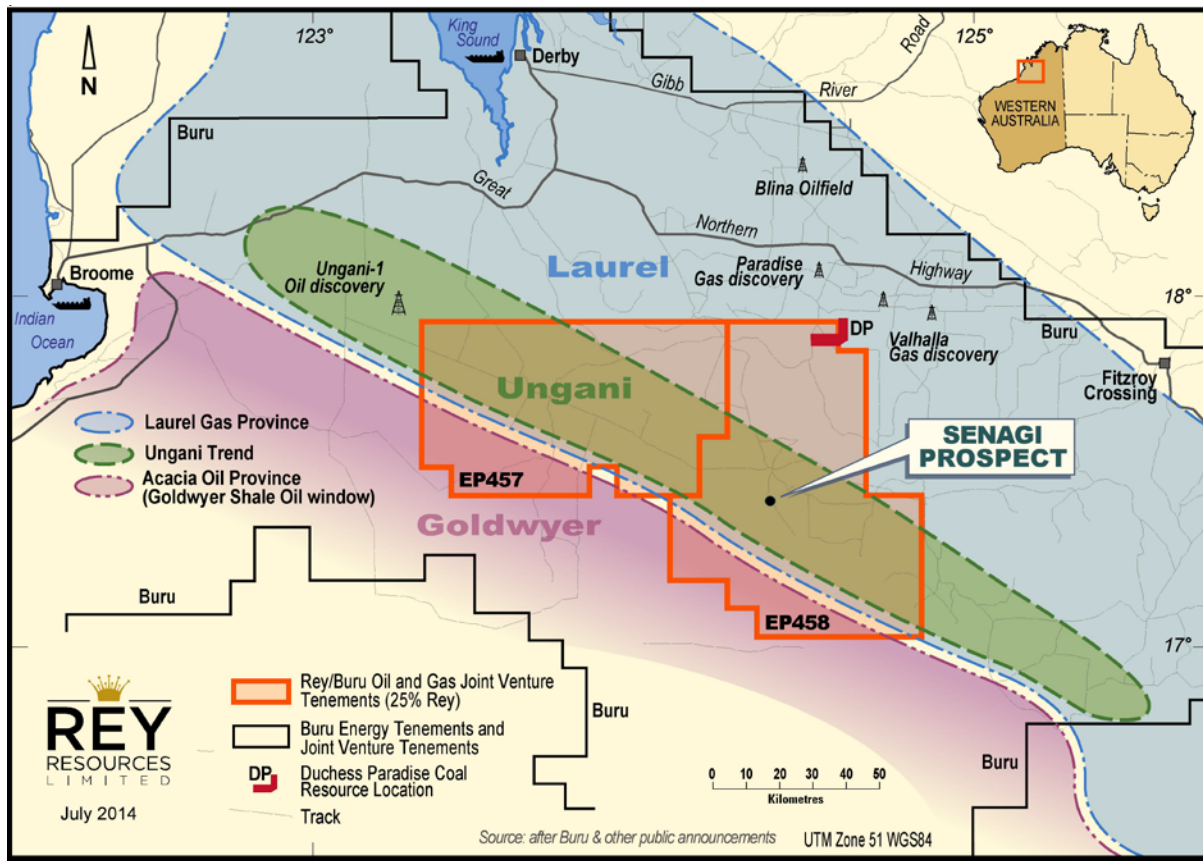


Figure 2: The three major prospective trends in EP457 and EP458 and location of the proposed Senagi well site; as well as the location of EP129 and Emanuel 1 prospect, as discussed below.

As previously reported, a number of attractive conventional structural leads have been identified along the trend from the Ungani-1 oil discovery. One of these targets is the Senagi prospect in EP458. This is a shallow (~800 metre) structural target which is up-dip from a mineral borehole that encountered a well-developed Ungani Dolomite reservoir equivalent with significant oil shows. The drilling of the Senagi prospect is subject to Joint Venture, regulatory and Native Title agreements and approvals, and these processes have commenced.

Further seismic data is required to fully define most of the prospects.

The JV approved the acquisition of extensive 2D seismic over the Fitzroy Blocks in 2014. These proposed surveys will amount to approximately 370 line kms and extend over EP457 and EP458 and include some areas that remain subject to heritage clearance. Heritage surveys and line clearing are progressing with seismic acquisition expected to commence in August 2014.

1.2 Perth Basin (EP437)

On 29 May 2014, Rey announced that it had executed an agreement with Key Petroleum (Australia) Pty Ltd (Key) (a wholly owned subsidiary of Key Petroleum Limited; ASX:KEY) and Caracal Exploration Pty Ltd to farm-in to Exploration Permit EP437 in the North Perth Basin. This permit is located to the north of the large Dongara Field which has been producing oil and gas since 1971 (refer Figure 3 below).

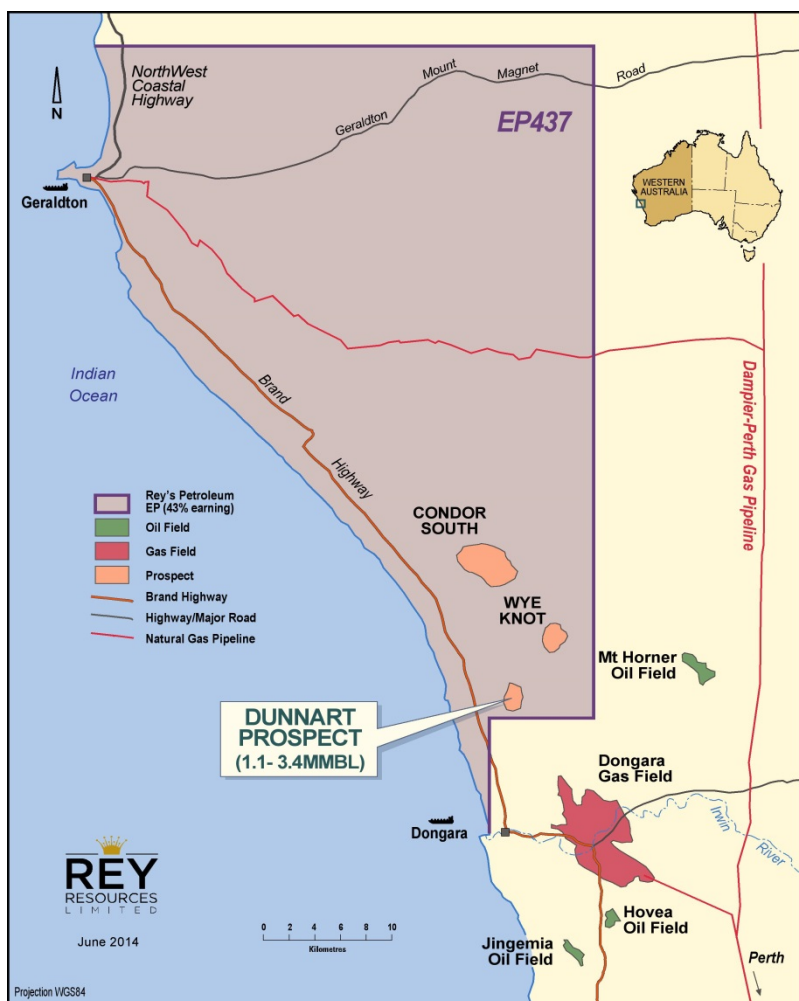


Figure 3. Location of Dunnart Prospect in EP437, Perth Basin.

As part of the JV agreement, Rey (via its wholly owned subsidiary Rey Oil and Gas Perth Pty Ltd) will earn up to 43.47% in EP437 by contributing 86.94% of the costs. This cost has been capped at \$1.7 million for the Dunnart-2 exploration well which is being managed by Key as operator of the permit. Costs over \$1.7 million will be apportioned to the parties in accordance with their respective permit equity holdings.

After the farmout of EP437 to Rey, the beneficial interests are as follows:

Key Petroleum Limited (Key Petroleum (Australia) Pty Ltd) (Operator)	43.47%
Rey Oil and Gas Perth Pty Ltd	43.47%
Caracal Exploration Pty Limited	13.06%

The Dunnart Prospect is a structural closure against a fault and is defined by seven seismic dip lines and one strike line. The well is located up-dip from the previously drilled Dunnart-1 well with a planned drilling depth of 670 metres. The prospect has a best estimate potential resource of two million barrels¹ of recoverable oil (MMBL) in the Early Triassic Bookara Sandstone. The Dunnart-1 well recorded excellent oil shows but was never tested.

¹ As reported by Key Petroleum (ASX:KEY) on 15 April, 2014 and Rey on 13 June 2014, the "Un-risked Prospective Resource" (in accordance with Clause 7.3 of ASX Guidance Note 32) calculates recoverable oil in a range from a Low Estimate of 1.1MMBL; a Best Estimate of 2.1MMBL; and a High Estimate of 3.4MMBL. Rey's share is 43.47% of this, namely 0.5-1.5MMBL..

The Dunnart-2 well spudded on 13 July 2014 and as at 30 July is at a depth of 294m. The top of the targeted Bookara Sandstone is estimated at 617m depth.

The EP437 Wye Knot Prospect, located approximately 10km west of the Mount Horner oilfield up-dip from the Dongara oil and gas field, is a potential follow up drill target. The Wye Knot Prospect prospective resource estimate is reported by Key in its 15 April 2014 ASX Announcement under the SPE-PRMS guidelines.

2. Coal

Rey's thermal coal tenements are located in the Canning Basin and are partly contiguous with the Fitzroy Blocks.

2.1 Duchess Paradise Coal Project

Rey continues to manage the Duchess Paradise thermal coal Project (DP) through the Western Australia and the Commonwealth approvals processes. During the quarter, Rey received public and Government Department submissions on the DP Public Environmental Review (PER) and a summary of key issues prepared by the Western Australian Office of the Environmental Protection Authority (OEPA). Rey is working to produce a considered response to the matters raised. Arrangements were also made for a visit to the DP area by the EPA in early July 2014.

2.2 Coal exploration

No field work was undertaken during the quarter. Following a review of the tenements and in view of prevailing coal prices, no drilling is planned for this year. Rey continues to manage and consolidate its tenement package and during the quarter reduced the tenement holdings following the surrender of areas considered to be less prospective or inaccessible. Rey retains a significant and prospective tenement package of approximately 1,800km².

3. Corporate

On 16 July 2014, the Company announced that it had entered into a Strategic Cooperation Framework Agreement with China National Fuel Corporation (CNFC) a China based energy company. The agreement formalises discussions that have occurred over the past 12 months and has a key objective that the parties will jointly establish and develop oil and gas opportunities together with associated infrastructure in Western Australia with an emphasis in the Canning Basin. CNFC was established in 1988, and is a state owned corporate with main businesses of petroleum and natural gas distribution, as well as coal mining. As at December 2013, the total assets of CNFC were in excess of RMB¥31 billion with annual turnover over RMB¥10 billion.

On 30 June 2014, the Company announced that it was undertaking a capital raising to raise up to \$3 million at 10 cents per share. The first tranche of \$1 million was received during the quarter and shares issued on 10 July 2014.

The cash balance as at 30 June 2014 was \$3.0 million.

As part of an ongoing capital management strategy, on 17 December, 2013 the Company announced an on market buyback for up to 10% of its issued capital over a period of 12 months. During the three months to 30 June 2014, a total of 1,016,427 shares were acquired on market at an average price of 9.69 cents and subsequently cancelled. No shares were acquired in July. Taylor Collison Limited acted as the broker and manages the buyback on behalf of Rey.

The timing and quantity of shares purchased will depend on market conditions and other future events.

Reserve and Resources Statements

P1 Seam Reserve Estimate for Duchess Paradise Mine Plan as at 30 May 2011

Type	Average Mine Recovery (%)	Total Run-of-Mine Coal (ar) (Mt)	Wet Yield based on Expected Total Moisture (%)	Marketable Cleaned Coal (gar) ⁽¹⁾ @ 17.3 % Total Moisture (Mt)
Slot Excavation	95	2.5	67.6	1.7
Highwall Mining	51	23.8	67.7	16.1
Total		26.3	67.7⁽²⁾	17.8⁽³⁾

⁽¹⁾ gar- gross as received.

⁽²⁾ A&B Mylec calculated a 67.3% wet yield based on coal quality data from 60 cored holes and seam thickness data from 381 available drill holes, as supplied by Marshal Miller & Associates.

⁽³⁾ An additional 2.7 million marketable cleaned tonnes (gar) derived from inferred resource are included in the mine plan, which totals 20.5 million marketable cleaned tonnes (gar).

The information concerning P1 Seam Reserve Estimate for Duchess Paradise Mine Plan as at 30 May 2011 is extracted from the report entitled "Maiden coal reserve at Duchess Paradise" created on 6 June 2011 and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Coal Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Reserves are included in the following resource statements.

Competent Persons Statement

The estimation of the Duchess Paradise P1 Seam Coal Reserves has been provided by Messrs Gerard Enigk, B.S.M.E., P.E., Manager of Engineering of MM&A and Peter Lawson, B.S.M.E., M.B.A., Executive Vice President of MM&A. Mr Enigk has over 34 years of experience in coal-related work, including but not limited to coal reserve/resource estimation, mine planning and design, mine operations, mineral valuation and appraisals, and geotechnical evaluations. He is a Registered Member of the Society of Mining, Metallurgy, and Exploration (SME), which is part of The American Institute of Mining, Metallurgy, and Petroleum Engineers (AIME). Mr Enigk holds a Bachelor of Science degree in Engineering of Mines from The Pennsylvania State University and a Masters degree in Environmental Science from the West Virginia Graduate College, and is a Registered Professional Engineer in West Virginia. Mr Enigk has served in the capacity as Manager of Engineering and as a production supervisor for operating coal companies, and has extensive experience with surface and underground mining operations, including the use of highwall mining systems. Mr Enigk is a certified mine foreman in West Virginia. His education and experience qualify him as a Competent Person as defined in the December 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves" (The JORC Code, 2004 Edition). Mr Lawson has over 32 years of experience in coal-related work, including but not limited to coal reserve/resource estimation, mine engineering, mine operations, mineral valuation and appraisals, and mergers and acquisitions. He is a Registered Member of the Society of Mining, Metallurgy, and Exploration (SME), which is part of The American Institute of Mining, Metallurgy, and Petroleum Engineers (AIME). He is also a member of the West Virginia Coal Association, the American Society of Mining and Reclamation and the Illinois Mining Institute. Mr Lawson holds a Bachelor of Science degree in Mining Engineering from The New Mexico Institute of Mining and Technology and a Masters degree in Business Administration from Ashland University. Mr Lawson has served in the capacity as Manager of Engineering and as President for operating coal companies, and has extensive experience with surface mining operations, including the use of highwall mining systems. His education and experience qualify him as a Competent Person as defined in the December 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves" (The JORC Code, 2004 Edition). Messrs Enigk and Lawson consent to the information included in this report of the matters based on their information in the form and context in which they appear.

Duchess Paradise P1 Seam JORC Resources Estimate by category as at 6 April 2011

P1 Seam	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Total	60.2	78.5	167.0	305.8

The information concerning Duchess Paradise P1 Seam Resources Estimate by category as at 6 April 2011 is extracted from the report entitled “Duchess Paradise Measured Resource Increases to 60Mt of thermal coal” created on 6 April 2011 and is available to view on the Company’s website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Coal Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

For further information on the above summary Resources estimate, please refer to the Company’s ASX announcement dated 6 April 2011.

Competent Persons Statement

The estimation of the Duchess Paradise P1 Seam Coal Resources has been provided by Messrs Scott Keim and Ron Mullenex. Mr Keim is a Member of the American Institute of Professional Geologists. He is a full time employee of MM&A which was contracted to provide the JORC estimate. Mr Keim has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (The JORC Code, 2004 Edition). Mr Keim has over 29 years of coal specific experience including coal exploration, resource modelling, estimation and assessment, and geotechnical assessment and modelling. Mr Keim consents to the inclusion in the report of the matters based on his information in the form and context in which they appear. Mr Mullenex is a Member of the American Institute of Professional Geologists. He is a full time employee of MM&A which was contracted to provide the JORC estimate. Mr Mullenex has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (The JORC Code, 2004 Edition). Mr Mullenex has over 34 years of coal specific experience including coal exploration, resource modelling, estimation and assessment, and geotechnical assessment and modelling. Mr Mullenex consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

Coal Quality - Competent Persons Statement

The coal quality information in this report has been compiled under the supervision and reviewed by Mr Andrew Meyers, who is a Fellow of the Australasian Institute of Mining and Metallurgy (Member since 1993) and Director of A&B Mylec Pty Ltd, metallurgical and coal technology consultants. Andrew Meyers has more than 20 years’ experience in coal processing for coal projects and coal mines both in Australia and overseas. With this level of experience, he is adequately qualified as a Competent Person as defined in the December 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (The JORC Code, 2004 Edition). Mr Meyers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Coal Exploration - Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Thomas Reddicliffe who is a Fellow of Australasian Institute of Mining and Metallurgy (Member since 2002), and is contracted to provide geological services to Rey Resources. Mr Reddicliffe has sufficient experience to qualify as a Competent Person for the purposes of the December 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (The JORC Code, 2012 Edition) Mr Reddicliffe consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Petroleum Exploration - Competent Persons Statement

The prospective resources and technical information quoted has been compiled and/or assessed by Mr Keith Martens who is a self-employed consulting professional geologist, and a continuous Member of the Petroleum Exploration Society of Australia since 1999. Mr Martens has a BSc degree in geology/geophysics and has over 35 years’ experience in the petroleum industry. Mr Martens has consented to the inclusion in this report of the matters based on the information in the form and context in which they appear. The Company confirms the form and context of the information has not been materially modified and it is not aware of any new information or data that materially affects the information as included in the relevant market announcement on 13 June 2014.

Corporate Directory

Board of Directors

Min Yang	Non-executive Chairman
Kevin Wilson	Managing Director
Geoff Baker	Non-executive Director
Dachun Zhang	Non-executive Director
Jin Wei	Non-executive Director

Company Secretary

Shannon Coates

Capital Structure

Rey Resources is listed on the Australian Securities Exchange (ASX: REY) and had 630.2 million ordinary shares on issue and 4.9 million performance rights as at 1 July 2014.

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000 Australia
Tel: +61 2 9290 9600
Fax: +61 2 9279 0664

Registered Office

Rey Resources Limited
1121 Hay Street
West Perth WA 6005 Australia
Mailing address: PO Box 1809, Hay Street, West Perth, 6872
Tel: +61 8 9211 1999
Fax: +61 8 9485 1094
www.reyresources.com

Tenement Tenure Status (as at 30 June 2014)

Tenure ID	Tenure Type	Holder (Rey subsidiary company)	Ownership% begin quarter	Ownership% end quarter
E04/1219	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1383	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1386	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1515 ⁽¹⁾	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1516 ⁽¹⁾	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1517 ⁽¹⁾	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1518 ⁽¹⁾	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1519	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1520 ⁽¹⁾	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1521 ⁽¹⁾	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1522 ⁽¹⁾	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1523 ⁽¹⁾	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1524 ⁽¹⁾	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100
E04/1525 ⁽¹⁾	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100
E04/1529 ⁽¹⁾	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1723	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1728	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1729	Exploration Licence	Camballin Energy Ltd	100	0
E04/1753	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1767	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1768	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1769	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100
E04/1770	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1785	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100
E04/1833	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1834	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1835	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100
E04/1842	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1944	Exploration Licence	Camballin Energy Pty Ltd	100	0
E04/2089	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/2138	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/2139	Exploration Licence	Camballin Energy Pty Ltd	100	100
L04/0058	Miscellaneous Licence Application	Blackfin Pty Ltd	100	100
M04/0453	Mining Licence Application	Blackfin Pty Ltd	100	100
R04/2	Retention Licence Application	Camballin Energy Pty Ltd	100	100
EP457	Exploration Permit	Rey Oil and Gas Pty Ltd	25	25
EP458	Exploration Permit	Rey Oil and Gas Pty Ltd	25	25
EP437	Exploration Permit	Rey Oil and Gas Perth Pty Ltd	0	43.47 earning

⁽¹⁾ EL subject to Mineralogy application. Rey received applications from Mineralogy Pty Ltd ("Mineralogy") in October 2009 for forfeiture affecting 11 mineral exploration licences (the "ELs"). While the ELs cover areas of strategic interest to Rey, they do not relate to the DP Coal Project. A hearing was conducted before the Mining Warden 2012. The Mining Warden delivered his report and recommendations with respect to applications for exemption from expenditure in relation to the ELs to the Minister for Mines and Petroleum in September 2013. The Warden recommended that an exemption from expenditure on one EL should be granted by the Minister, and that exemptions from expenditure on ten ELs should not be granted. Rey has made submissions to the Minister to further its case that the exemptions from expenditure should be granted on the ten ELs. The Minister's decision has not yet been released and is expected in 2014. The Warden has not yet made a recommendation in relation to the applications for forfeiture.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

REY RESOURCES LIMITED

ABN

84 108 003 890

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(744)	(3,387)
	(b) development	(195)	(660)
	(c) production	-	-
	(d) administration	(445)	(3,223)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	17	663
1.5	Interest and other costs of finance paid	-	-
1.6	Other - R&D Refund	-	545
	Net Operating Cash Flows	(1,367)	(6,062)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	53
1.10	Loans from other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other - Bonds received	-	591
	- Bonds paid	-	-
	Net investing cash flows	-	644
1.13	Total operating and investing cash flows (carried forward)	(1,367)	(5,418)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,367)	(5,418)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares net of costs	1000 ⁽¹⁾	5,279
1.15	Share buy-back cost	(99)	(99)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(39)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	901	5,141
	Net increase (decrease) in cash held	(466)	(277)
1.20	Cash at beginning of quarter/year to date	3,466	3,277
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,000	3,000

(1) Relates to 10,000,000 Shares issued 10 July 2014.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'ooo
1.23 Aggregate amount of payments to the parties included in item 1.2	115
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,800
4.2 Development	100
4.3 Production	-
4.4 Administration	500
Total	2,400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,000	3,466
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,000	3,466

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
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+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

6.1	Interests in mining tenements relinquished, reduced or lapsed	E04/1729 E04/1944	Relinquished Relinquished	100% 100%	NIL NIL
6.2	Interests in petroleum tenements acquired or increased	EP437	Earning through farm-in	0%	43.47%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	630,202,151	630,202,151		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through buy-backs	1,016,427	1,016,427		9.39 cents
7.5	*Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

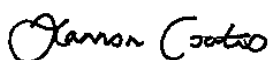
Appendix 5B
Mining exploration entity quarterly report

7.7	Options (description and conversion factor)				
7.8	Issued during quarter				
7.9	Exercised during quarter	-			
7.10	Expired during quarter				
7.11	Cancelled during quarter	-			
7.12	Performance Rights (description)	1,500,000 985,294 <u>2 426,667</u> <u>4,911,961</u>			<i>Expiry date</i> 30.06.2015 30.06.2015 30.06.2016
7.13	Issued during quarter				
7.14	Exercised during quarter				
7.15	Expired during quarter				
7.16	Cancelled during quarter	800,000 1,500,000 <u>298,000</u> <u>2,598,000</u>			
7.17	Debentures (totals only)	N/A	N/A		
7.18	Unsecured notes (totals only)	N/A	N/A		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 July 2014

(Company secretary)

Print name: Shannon Coates

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.